

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
General Administration	\$ 290,438,678	\$ 313,391,721	\$ 230,062,802	\$ 230,195,121
Information Technology	0	2,972,143	0	0
Public School Aid	3,459,237,091	3,610,027,604	3,939,583,295	3,867,746,266
School Improvement/Teacher				
Quality and Urban Education	337,995,009	405,582,507	431,416,996	410,321,811
Vocational Rehabilitation	186,659,861	101,364,307	101,807,564	102,081,358
Vocational and Adult Education	67,542,895	75,244,080	75,175,910	75,303,734
Special Education	245,473,432	283,751,815	297,735,544	296,804,329
Board Operated Schools Operations	47,739,892	50,647,294	52,360,723	51,745,948
Commission for the Deaf and Hard of Hearing	333,354	471,352	463,431	434,075
Assistive Technology Council	0	0	4,239,149	4,256,965
Children's Services Commission	0	0	10,000	10,000
DEPARTMENTAL TOTAL	\$ 4,635,420,212	\$ 4,843,452,823 *	\$ 5,132,855,414	\$ 5,038,899,607
General Revenue Fund **	226,780,100	199,933,759	149,033,343	128,010,162
Federal Funds	865,603,835	948,302,067	967,429,513	968,747,262
School District Bond Fund	450,000	592,000	592,000	592,000
Certification of Interpreters Fund	82,285	125,000	117,000	117,000
Independent Living Center Fund	550,556	590,556	590,556	590,556
Outstanding Schools Trust Fund ***	396,115,335	435,800,000	491,400,000	491,400,000
Bingo Proceeds for Education Fund	1,705,868	1,707,167	1,707,167	1,707,167
Lottery Proceeds Fund	148,286,980	156,649,818	165,033,189	144,281,940
First Steps Fund	0	2,000,000	0	0
Deaf Relay Ser & Eq Dist Program Fund	0	0	2,150,445	2,158,266
Children's Service Commission Fund	0	0	10,000	10,000
State School Moneys Fund ****	2,241,197,080	2,305,777,202	2,261,024,255	2,207,504,224
Handicapped Children's Trust Fund	0	30,000	30,000	30,000
Excellence in Education Fund	2,261,891	2,934,010	2,929,010	2,939,102
Fair Share Fund *****	23,027,314	23,400,000	0	0
School District Trust Fund *****	710,513,385	748,700,000	770,300,000	770,300,000
Missouri Commission for the Deaf and Hard of Hearing Fund	641	50,000	49,000	50,200
Missouri Assistive Technology Fund	0	0	750,000	750,000
Classroom Trust Fund*****	0	0	297,208,638	297,208,638
Part C Early Intervention Fund	0	0	5,095,254	5,095,254
Early Childhood Development, Education and Care Fund	18,101,641	15,336,244	15,336,244	15,336,244
Assistive Technology Loan Revenue Fund	0	0	544,800	546,592
School for the Blind Trust Fund	670,301	1,500,000	1,500,000	1,500,000
School for the Deaf Trust Fund	73,000	25,000	25,000	25,000
Full-time equivalent employees	1,818.47	1,893.46	1,858.46	1,840.46

* Does not include \$8,600,000 recommended in the Fiscal Year 2006 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Elementary and Secondary Education supplemental appropriations.

** Decrease in general revenue is due to the reallocation of County Foreign Insurance Tax Distribution to the foundation formula.

*** Outstanding Schools Trust Fund receives an annual transfer from general revenue. The Outstanding Schools Act of 1993 created a corporate and individual income tax that generates revenue specifically for elementary and secondary education.

**** The State School Moneys Fund receives an annual transfer from general revenue, the Fair Share Fund, County Foreign Insurance Tax, and cigarette taxes.

***** The Fair Share Fund is now distributed via the foundation formula.

***** The School District Trust Fund receives revenues generated by a one cent sales tax (Proposition C).

***** The Classroom Trust Fund receives an annual transfer from the Gaming Proceeds for Education Fund and unclaimed lottery prize money.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

DEPARTMENT SUMMARY

Governor Blunt's Fiscal Year 2007 budget provides over \$5 billion for elementary and secondary education. Direct state aid to local schools will increase \$167.1 million in Fiscal Year 2007, which is a 4.6 percent increase over Fiscal Year 2006 funding levels. This funding supports 2,278 public schools and nearly 900,000 students throughout the state.

The core functions provided by the Department of Elementary and Secondary Education include:

- Administering educational policies of the state and supervising instruction in the public schools.
- Distributing school funding, including the Foundation Program, and state and federal grant programs.
- Granting certificates of qualification and licenses to teach in the public schools of the state.
- Providing vocational rehabilitation services to Missourians with disabilities to help them obtain employment.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Administrative and Financial Services	\$ 6,726,612	\$ 8,307,272	\$ 6,865,320
Court-Ordered Payments	15,000,000	13,000,000	12,000,000
Early Grade Literacy/Professional Development	492,500	500,000	500,000
School Food Services	166,280,801	177,642,449	195,237,801
Fair Share Distribution	23,027,314	23,400,000	0
County Foreign Insurance Tax Distribution	77,190,272	74,950,000	0
School District Bond Program	450,000	592,000	592,000
Federal Grants and Donations	1,271,179	15,000,000	15,000,000
TOTAL	\$ 290,438,678	\$ 313,391,721	\$ 230,195,121
General Revenue Fund	98,363,274	93,806,261	17,807,786
Federal Funds	165,838,682	192,285,854	208,461,233
Lottery Proceeds for Education Fund	247,517	198,596	0
Other Funds	25,989,205	27,101,010	3,926,102
Full-time equivalent employees	90.30	69.70	69.50

GENERAL ADMINISTRATION

The Department of Elementary and Secondary Education is supervised by the State Board of Education, which consists of eight members appointed for eight-year terms by the Governor with the advice and consent of the Senate. The board appoints the Commissioner of Education as its chief administrative officer.

The Department of Elementary and Secondary Education's administrative responsibilities include the distribution of all federal and state funds to local school districts and other agencies. The department also administers the department's Court Ordered Payment Program. The Court Ordered Payment Program was a result of the 1997 desegregation settlement with Kansas City and St. Louis school districts. Operating payments have ended; however, transfer costs and capital outlays will continue through Fiscal Year 2009. As these payments phase out, savings will be redirected to the school foundation formula for the benefit of school districts across the state.

Other administrative functions of the department include the supervision and administration of the Early Grade Literacy Program, School Food Program, School District Bond Program, and Federal Grants and Donations.

Fiscal Year 2007 Governor's Recommendations

- \$17,671,000 federal funds for the School Food Program.
- \$132,319 for pay plan, including \$86,194 general revenue.
- \$70,000 other funds reallocated from Information Technology.
- (\$74,950,000) County Foreign Insurance Tax reallocated to the foundation formula as required by law.
- (\$23,400,000) Fair Share Fund reallocated to the foundation formula as required by law.
- (\$1,585,250) federal and other funds and (.2) staff transferred to the Office of Administration for statewide consolidated information technology services.
- (\$1,000,000) for Court Ordered Payments reallocated to the foundation formula as required by law.
- (\$75,648) core reduction from the School Food Program.
- (\$59,021) overtime reallocated to various divisions.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

INFORMATION TECHNOLOGY

Information technology resources have been transferred to the Office of Administration. The Information Technology Services Division will be the central point for coordinating data processing and telecommunications for most state agencies.

Fiscal Year 2007 Governor's Recommendations

- (\$2,815,761) and (42.8) staff transferred to the Office of Administration for statewide consolidated information technology services, including (\$720,187) general revenue.
- (\$156,382) federal and other funds and (two) staff reallocated from Information Technology to various divisions.

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Foundation - Formula	\$ 1,809,777,948	\$ 1,882,305,259	\$ 2,701,597,891
Foundation - Small Schools Program	0	0	15,000,000
Foundation - Line 14 At Risk	373,955,305	413,188,959	0
Foundation - Transportation	162,067,406	162,067,713	162,067,713
Foundation - Special Education	150,180,879	149,617,982	0
Foundation - Remedial Reading	11,096,009	11,096,925	0
Foundation - Early Special Education	96,311,209	96,311,209	96,311,209
Foundation - Gifted	24,839,820	24,870,104	0
Foundation - Career Ladder	37,310,051	37,684,374	37,284,374
Foundation - Career Education	52,880,428	52,880,428	52,880,428
Foundation - Parent Education/Parents As Teachers	30,304,651	31,304,651	32,304,651
School District Trust Fund	710,513,385	748,700,000	770,300,000
DEPARTMENT TOTAL	\$ 3,459,237,091	\$ 3,610,027,604	\$ 3,867,746,266
Outstanding Schools Trust Fund	394,997,395	434,597,395	490,197,395
Lottery Proceeds Fund	112,679,679	121,113,007	102,696,009
State School Moneys Fund	2,241,046,632	2,305,617,202	2,207,344,224
School District Trust Fund	710,513,385	748,700,000	770,300,000
Classroom Trust Fund	0	0	297,208,638

PUBLIC SCHOOL AID

A multitude of programs and funding sources are utilized to ensure all Missouri children receive a quality education. The bulk of state aid is distributed to districts via the foundation formula. In 2005, Governor Blunt signed into law Senate Bill 287, resulting in a more equitable foundation formula to distribute state aid to Missouri schools. Missouri's foundation formula now apportions money to school districts based on student need. State funds are distributed to school districts based on the state adequacy target per pupil less the local effort as measured by a fixed performance property tax levy of \$3.43 and other local revenue received in the 2004-2005 school year. The new formula provides additional funding for children struggling with the English language, financial constraints, and special needs. In addition, the formula uses a regional dollar value modifier to address cost of living differences throughout the state.

Revenues from the Fair Share Fund, County Foreign Insurance Tax, and Gaming Proceeds for Education Fund are now distributed via the foundation formula.

- Fair Share Fund revenues are generated from tax receipts from four cents per cigarette pack.
- County Foreign Insurance Tax revenues are generated from a two percent, per annum tax levied on the premiums of insurance companies not based in Missouri but doing business here. One-half of the net receipts are distributed to school districts.
- The Gaming Proceeds for Education Fund is now transferred to the Classroom Trust Fund, which is distributed directly to districts as a component of the foundation formula.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

PUBLIC SCHOOL AID (Continued)

In addition to the foundation formula, Missouri's Public School Aid includes funding for four categorical add-on programs.

- The transportation add-on pays school districts up to 75 percent of allowable costs of school bus and other transportation.
- The Career Ladder Program provides an incentive to teachers, librarians, and counselors who voluntarily participate in professional development activities. This program is financed by state and local matching funds.
- Career education provides a full range of career education programs, services, and activities relating to agricultural education; business, marketing, and cooperative education; family and consumer sciences; health sciences; and trade and industrial education.
- The Early Childhood Development Program provides state reimbursement to school districts that provide any of three programs for preschool children: 1) developmental screenings, 2) parent education, and 3) programs for developmentally delayed.

The Small School Success Program also provides additional funding for small school districts throughout the state. The School District Trust Fund provides additional funding distributed directly to districts to be used largely at their discretion. School District Trust Fund revenues are generated from Proposition C, which collects a one percent sales tax for elementary and secondary education.

Fiscal Year 2007 Governor's Recommendations

- \$122,168,662 other funds for the foundation formula.
- \$21,600,000 School District Trust Fund for distribution to school districts.
- \$15,000,000 State School Moneys Fund for the Small School Success Program.
- \$1,000,000 State School Moneys Fund for the Parents as Teachers Program.
- \$598,773,970 other funds reallocated from the At-Risk Program, Special Education, Gifted Programs, and Remedial Reading categoricals to the foundation formula.
- \$74,950,000 State School Moneys Fund reallocated to the foundation formula.
- \$23,400,000 State School Moneys Fund reallocated to the foundation formula.
- (\$413,188,959) other funds reallocated from the At-Risk Program to the foundation formula.
- (\$149,617,982) other funds reallocated from Special Education to the foundation formula.
- (\$24,870,104) other funds reallocated from Gifted Programs to the foundation formula.
- (\$11,096,925) other funds reallocated from Remedial Reading to the foundation formula.
- (\$400,000) State School Moneys Fund core reduction for Career Ladder from the Fiscal Year 2006 appropriation level.

To ensure adequate funding is available for Missouri's Public School Aid, a number of transfers are made from general revenue (GR), the Gaming Proceeds for Education Fund (GPEF), and the Lottery Proceeds Fund (LPF) to the Outstanding Schools Trust Fund (OSTF), State School Moneys Fund (SSMF), and the Classroom Trust Fund (CTF).

Transferred From	Transferred To	FY05	FY06	FY07	FY07 Changes
GR	OSTF	\$396,200,000	\$435,800,000	\$491,400,000	\$55,600,000
GR	SSMF	\$1,945,559,893	\$1,922,627,493	\$2,033,218,993	\$110,591,500
GR-County Foreign	SSMF	\$0	\$0	\$86,550,000	\$86,550,000
GR-Fair Share	SSMF	\$0	\$0	\$23,400,000	\$23,400,000
GPEF	SSMF	\$239,950,000	\$276,714,074	\$0	(\$276,714,074)
GPEF	CTF	\$0	\$0	\$289,586,296	\$289,586,296
LPF -Unclaimed	CTF	\$0	\$0	\$7,622,342	\$7,622,342

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

DIVISIONS OF SCHOOL IMPROVEMENT/TEACHER QUALITY AND URBAN EDUCATION

The Division of School Improvement manages state and federal grant programs in addition to providing consultant services and technical assistance to local school districts. The division is comprised of three main areas: School Improvement and Accreditation, Curriculum Services and Assessment, and Federal Programs.

- School Improvement and Accreditation is responsible for the collection and maintenance of school core data, accrediting school districts through the Missouri School Improvement Program, supervising of academically deficient schools, and administering Charter Schools and A+ programs.
- Curriculum Services and Assessment is responsible for providing curriculum technical assistance to school districts, overseeing the Missouri Assessment Program, providing support for gifted programs, and administering the Missouri Scholars and Fine Arts Academies.
- The division also monitors federal compliance with No Child Left Behind and manages multiple federal entitlement and discretionary grants.

The Division of Teacher Quality and Urban Education carries out the department's statutory obligations relating to educator certification, recruitment and retention, preparation, and professional development. The division is comprised of several sections including Educator Certification, Educator Preparation, Educator Recruitment and Retention, and Professional Development.

- Educator Certification is responsible for issuing and revoking certificates of license to teach, as well as maintaining records of certificated professionals.
- Educator Preparation administers MoSTEP, a program that evaluates professional education programs at Missouri higher education institutions.
- Educator Recruitment and Retention provides technical assistance to local districts and oversees programs including Career Ladder, professional staff tuition reimbursement, and scholarship programs.
- Professional Development designs, implements, and evaluates a variety of professional development events related to school improvement, instructional leadership, and student success.

Fiscal Year 2007 Governor's Recommendations

- \$2,600,000 federal funds for Title III Language Acquisition.
- \$1,791,925 for the A+ Program.
- \$1,500,000 federal funds for the Rural and Low-Income School Grant Program.
- \$100,000 Lottery Proceeds for Education Fund for the CHARACTERPlus Program.
- \$200,452 for pay plan, including \$93,112 general revenue.
- \$2,801 reallocated from overtime to the Division of Teacher Quality and Urban Education.
- (\$1,424,221) and (four) staff core reduction from the Fiscal Year 2006 appropriation level, including (\$82,596) general revenue.
- (\$31,653) federal funds transferred to the Office of Administration for statewide consolidation information technology services.
- (Two) staff reallocated from General Administration.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

DIVISION OF VOCATIONAL REHABILITATION

The Division of Vocational Rehabilitation provides services to Missourians with disabilities to help them overcome impediments to employment. Vocational Rehabilitation is comprised of three sections: Vocational Rehabilitation, Disability Determinations, and Independent Living.

- Vocational Rehabilitation assists individuals with disabilities to obtain and/or maintain employment.
- Disability Determinations is responsible for collecting and documenting medical evidence of a disability and is funded by the federal Social Security Administration.
- Independent Living Centers are non-residential, private, non-profit, consumer-controlled, community-based organizations providing services and advocacy by and for persons with all types of disabilities.

Fiscal Year 2007 Governor's Recommendations

- \$289,798 for the Vocational Rehabilitation Grant Program.
- \$40,750 federal funds for replacement vehicles.
- \$955,027 federal funds for pay plan.
- \$86,382 federal funds and two staff reallocated from Information Technology.
- (\$431,360) federal funds transferred to the statewide leasing budget.
- (\$177,956) federal funds transferred to the Office of Administration for statewide consolidated information technology services.
- (\$45,590) federal funds core reduction for one-time expenditures.
- (12) staff core reduction from the Fiscal Year 2006 appropriation level.

DIVISION OF VOCATIONAL AND ADULT EDUCATION

The Division of Vocational and Adult Education provides individuals with services that supply the technical knowledge and skills needed to prepare for employment. The division also develops state plans for vocational and adult education and literacy that form the basis for distribution of federal and state funds to local education agencies. The Division of Vocational and Adult Education includes the Distribution to Schools Program, Workforce Investment Act grants, Adult Basic Education Program, Special Literacy Grant Award Program, school-aged child care, and Troops to Teachers Program.

- The Distribution to Schools Program oversees grants provided to educational institutions for improving vocational-technical programs and distribution of funds to vocational programs located in public school districts, institutions of higher education, state agencies, and business establishments.
- The federal Workforce Investment Act provides federal funds that can be used for skill training for 15 service delivery areas in Missouri.
- The Adult Basic Education Program provides training in the fundamental skills of English, reading, and mathematics. To enroll in a class, a person must be 16 years of age or older, out of school, and lacking a high school diploma.
- The Special Literacy Grant Award Program was established to respond to the increasing numbers of adults needing basic education services.
- The federal Child Care and Development Block Grant provides funds to house school-aged child care programs in school buildings when they are not being used for educational classes.
- The Troops to Teachers Program is designed to encourage military personnel transitioning to the civilian labor force to consider teaching as a post-military career.

Fiscal Year 2007 Governor's Recommendations

- \$12,500 federal funds for a replacement vehicle.
- \$127,824 for pay plan, including \$48,479 general revenue.
- \$673 reallocated from General Administration.
- (\$49,690) federal funds core reduction for one-time expenditures.
- (\$31,653) federal funds transferred to the Office of Administration for statewide consolidated information technology services.
- (Two) staff core reduction from the Fiscal Year 2006 appropriation level.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

DIVISION OF SPECIAL EDUCATION

The Division of Special Education is responsible for state and federal special education funds for Missouri public schools. The division administers special education grants, the High Need Fund and the Excess Cost of Public Placements, as well as the coordination of the First Steps Program, Sheltered Workshops, Readers for the Blind Program, and the Blind Literacy Task Force.

- Special education grants provide federal funds to districts to aid them in the purchase of instructional and technological equipment and services for disabled children.
- The High Need Fund and the Excess Cost of Public Placements are programs designed to aid school districts with education costs that exceed a district's normal expenditure per pupil. Excess Cost of Public Placements was created to address the issue of children in residential placements per the direction of the courts, the Department of Social Services, or the Department of Mental Health.
- The First Steps Program is designed for children, birth to age 3, who have delayed development or diagnosed conditions that are associated with development disabilities.
- Sheltered Workshops are non-profit corporations that give people with disabilities a controlled working environment. Programs are designed to enable persons to progress toward normal living and develop their work capacities.
- The Readers for the Blind Program provides funds to employ readers for blind students served in local districts.
- The Blind Literacy Task Force was established to improve special education, vocational training, work to school transitions, rehabilitation services, and independent living and employment outcomes for blind and visually impaired students.

Fiscal Year 2007 Governor's Recommendations

- \$6,060,000 Lottery Proceeds Fund for the Special Education High Need Program.
- \$5,000,000 federal funds for the Special Education Grant Program.
- \$1,950,000 for the First Steps Program, including \$1,600,000 general revenue.
- \$12,500 federal funds for a replacement vehicle.
- \$75,497 for pay plan, including \$7,956 general revenue.
- (\$31,653) federal funds transferred to the Office of Administration for statewide consolidated information technology services.
- (\$13,830) federal funds core reduction for one-time expenditures.

BOARD OPERATED SCHOOLS OPERATIONS

The State Board of Education operates two residential facilities, the School for the Blind in St. Louis and the School for the Deaf in Fulton, and day-school facilities - the State Schools for the Severely Handicapped located throughout the state. The Department of Elementary and Secondary Education oversees the distribution of state, federal, and private donations to these institutions.

- The Missouri School for the Blind offers elementary and secondary education in a residential school environment for blind or visually impaired students from ages 5 to 21 years.
- The Missouri School for the Deaf provides elementary and secondary education in a residential environment for deaf- or hearing-impaired students from ages 5 to 21 years. The school provides separate facilities for primary age, intermediate age, and high school students.
- For students too severely disabled to be served effectively by local public schools, the department operates 37 state schools and contracts with private non-profit agencies to provide educational services for children the state schools cannot practically serve. These schools offer day programs in basic and prevocational training with the ultimate goal of assisting students in functioning semi-independently in their homes and communities.

Fiscal Year 2007 Governor's Recommendations

- \$1,187,132 for pay plan, including \$1,122,872 general revenue.
- \$95,828 to implement the Personnel Advisory Board recommendation for repositioning of certain critical employee classifications.
- \$55,468 reallocated from General Administration.
- (\$177,416) transferred to the Office of Administration for statewide consolidated information technology services.
- (\$62,358) transferred to the statewide leasing budget.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

COMMISSION FOR THE DEAF AND HARD OF HEARING

The Missouri Commission for the Deaf and Hard of Hearing and Board for Certification of Interpreters are assigned to the Department of Elementary and Secondary Education.

Fiscal Year 2007 Governor's Recommendations

- \$9,644 for pay plan, including \$8,444 general revenue.
- \$79 reallocated from General Administration.
- (\$47,000) federal funds core reduction from the Fiscal Year 2006 appropriation level.

MISSOURI ASSISTIVE TECHNOLOGY COUNCIL

The Missouri Assistive Technology Council is being transferred from the Office of Administration to the Department of Elementary and Secondary Education. The council supports access to adaptive devices that increase the independence and productivity of Missourians with all types of disabilities. The council provides adaptive telecommunications devices and computer adaptations, short-term loans for a full range of assistive technology, used equipment exchange, and low-interest loans for the purchase of assistive technology and home modifications.

Fiscal Year 2007 Governor's Recommendations

- \$750,000 other funds for the Missouri Assistive Technology Grant Program.
- \$17,816 federal and other funds for pay plan.
- \$3,489,149 federal and other funds and ten staff transferred from the Office of Administration.

MISSOURI CHILDREN'S SERVICES COMMISSION

The Missouri Children's Services Commission is being transferred from the Office of Administration to the Department of Elementary and Secondary Education. The Missouri Children's Services Commission takes a leadership role in identifying and evaluating programs and state services that affect the children of Missouri.

Fiscal Year 2007 Governor's Recommendations

- \$10,000 other funds transferred from the Office of Administration.